RHONE-POULENC NEDERLAND BV & ANOR

v.

MT AGRO INDUSTRIAL ENGINEERING (M) SDN BHD & ANOR

HIGH COURT MALAYA, KUALA LUMPUR
SITI NORMA YAAKOB J
[CIVIL SUIT NO: D3-22-1728-90]
20 FEBRUARY 1992

PATENTS: *Infringement - Assignees of registered patents - Law applicable - Patent Act 1983, s. 59 - Prior publication, prior user and prior common knowledge - Defence of prior claim - United Kingdom Patents Act 1949, s. 32(1)(a) - Whether patent infringed - Whether threatened infringement sufficient to make out case*

The 1st plaintiff was the registered proprietor of four United Kingdom patents, all registered in Peninsular Malaysia and two of which (namely the 524 and the 934 patent) were jointly owned with the Rubber Research Institute of Malaysia (RRIM). The 2nd plaintiff was the licensee of the 870 patent which was the subject matter of this patent infringement suit. The 870 patent was filed in the British Patent Office on 26 October 1971 pursuant to the United Kingdom Patents Act 1949 ('the UK Act') and was registered in Malaysia in 1974 under the now repealed Registration of United Kingdom Patents Act 1951.

The 1st defendant was a manufacturer of wire mesh and paper rolls and the 2nd defendant was a trader. They both were assignees of the 524 and the 934 patents from RRIM. The plaintiffs brought the present suit under s. 59 of the Patents Act 1983 ('the Patents Act') and claimed that the defendants had infringed the 870 patent.

In their defence the defendants pleaded as follows: (i) there was no cause of action against them as they never exploited the 870 patent; (ii) there was no infringement as they were exercising their rights under the 524 and 934 patents; (c) there was prior publication, prior user and prior common knowledge or obviousness in respect of the 870 patent; and (d) the stimulant alleged to have been infringed (ethephon) was already claimed in the 524 and 934 patent, as was the process of applying the stimulation. Hence, the defence of prior claim as set out in s. 32(1)(a) of the UK Act would apply to the defendant. The defendants also counterclaimed that the 870 patent be revoked and that they be awarded damages and costs.

Held:

[1] By virtue of the saving provision of s. 89(c) of the Patents Act, the law applicable in this suit would be the Patents Act. The fact that a plea under the UK Act has been relied upon by the defendants made no difference to this conclusion as what was pleaded was only the language used in the UK Act.

[2] The 870 patent was a product patent whereas the 524 and the 934 patents were method patents. Since the invention of the 870 patent was totally different to that of the 524 and 934 patents, it was incorrect to say that the defendants had the authority to use the components of the 870 patent under the 524 and 934 patents.

[3] The use of ethephon had been reserved by the plaintiffs for its exclusive use under the 433 patent as seen in the agreement entered into between RRIM and the 1st plaintiff's predecessor in title. Under the 524 and 934 patents, the 2nd defendant was only entitled to exploit the non-ethephon components. As RRIM did not have the right to the use of ethephon, they cannot, by the assignment, pass on something they did not possess to the defendants.

[4] There cannot be a prior publication of the components of the 870 patent in the 433, 524 and 934 patents as alleged by the defendants as these patents were lodged with the Registry of Trade Marks and Patents, Malaysia well after the priority date of the 870 patent. As such, none of these three patents can be used to challenge the validity of the 870 patent. In any event, the invention claimed by each patent differed as one was a product patent, while the other two were method patents.

[5] On the issue of prior user and prior common knowledge, there was insufficient evidence adduced by the defendants to substantiate these claims.

[6] In respect of the defence of prior claim pleaded under s. 32(1)(a) of the UK Act, there was no question of there being double patenting which this plea sought to establish.

[7] Section 55(2) of the Patents Act was enacted to protect a patentee from a threatened infringement of its patent. Thus, even though nothing offensive was recovered from the premises of the 1st defendant to establish that the 1st defendant had infringed the plaintiff's patent, since there was sufficient evidence of that likelihood happening, the cause of action under s. 59(2) of the Patents Act had been made out against the 1st defendant.

[Claim allowed; counterclaim dismissed with costs.]

Legislation referred to:
Patents Act 1983, ss. 36(3), 55(2), 56(2)(a), 58, 59, 89

Patents Act 1949 [UK], s. 32(1)(a)

For the plaintiffs - Dato' VL Kandan (P Kandiah & Linda Wang with him); M/s Shearn Delamore & Co
For the defendants - Hariram Jayaram (Teo Bong Kwang & T Pasupathy with him); M/s Ram Rais & Partners

[Editor's note: This judgment was received on 10 September 1998.]

Reported by Ling Hea Hoon

JUDGMENT

Siti Norma Yaakob J:

The 1st plaintiff, a Dutch based company, was at the material times, the registered proprietor of four United Kingdom patents, all registered in Peninsular Malaysia and two of which were jointly owned with the Rubber Research Institute of Malaysia (RRIM). The 2nd plaintiff is the licensee of one of the four patents, the subject matter of this patent infringment suit and at the time of its hearing, the 1st plaintiff's rights to the monopoly of the inventions stated in all the four patents have already expired.

The first of such patents is United Kingdom Patent No. 1,194,433 (the 433 patent), PB 47-73, which was registered in Peninsular Malaysia in 1973, PB 46, and contains 58 claims altogether and refer in part to a process for regulating plant growth by applying to the plant certain derivatives including two-chloroethyl phosphonic acid, hereafter to be known by its generic name, ethephon. The other part of the claims refers to compositions containing ethephon, which are useful and necessary in the application of the aforesaid process.

The second patent is United Kingdom Patent No. 1,281,524 (the 524 patent), PB 96 - 99 which was registered in Peninsular Malaysia in 1973, PB 95, and contains nine claims altogether. Such claims refer, *inter alia*, to a method of treating rubber trees with ethylene, providing substances including ethephon which stimulates the flow of latex in such trees.

United Kingdom Patent No.1,293,934 (the 934 patent), PB 76 - 94 was also registered in Peninsular Malaysia in 1973 and it claims a particular method of extracting rubber latex by the chemical treatment of the rubber trees with various compounds including ethephon.

The 1st plaintiff and RRIM were the joint owners of the 524 and 934 patents as both had contributed to the inventions specified in the two patents and by virtue of an agreement dated 13 March 1971, PB 100 - 102, executed by the 1st plaintiff's predecessor in title with RRIM, their co-ownership of the two patents was subject to RRIM having exclusive rights to ethephon or related compounds as defined in the 433 patent.

The 4th patent is United Kingdom Patent No. 1,320,870 (the 870 patent), PB 38-45, which was filed in the British Patent Office on 26 October 1971, claiming priority over a similar application made in the United States on 2 November 1970, this date being known as the priority date. This patent was registered in Malaysia in 1974, PB 37, under the now repealed Registration of United Kingdom Patents Act 1951 and its validity is being challenged by the defendants in this suit. The 870 patent contains 23 claims and except for claim 23, they relate to certain aqueous compositions which include ethephon, among various phosphonic acids compounds, as the active ingredient together with other ingredients to provide a formulation particularly suited for use in the stimulation of the flow of latex in rubber trees. Claim 23 describes the process by which the aqueous composition is applied to the rubber plant just below the tapping cut. The importance of this invention lies in overcoming the problems of the composition running off when applied to the trunk of the rubber trees and the washing off of the remaining composition by extensive rain as the viscosity is just right, thereby ensuring a high percentage of latex flow.

It is this 870 patent which the plaintiffs now allege has been infringed by the defendants.

The two defendants are manufacturers and traders and were the assignees of the 524 and 934 patents by virtue of two assignment. The first was executed on 2 August 1988, DB 60 - 69, wherein for the consideration stated in cl. 1, RRIM assigned its half undivided share each in the 524 and 934 patents to the 1st defendant subject to some rights reserved by RRIM as specified in the assignment. Subsequently on 6 March 1989, a second assignment was executed, DB 70 - 79, this time by the 1st defendant in favour of the 2nd defendant, wherein the 1st defendant assigned its half undivided shares in each of the two patents to the 2nd defendant.

The 1st defendant manufactures wire mesh and paper rolls and in disputing liability pleads that there is no cause of action against it as it never exploited the 870 patent.

Together with the 2nd defendant, the 1st defendant has also pleaded the following defences.

(1) That there is no infringement as they were exercising their rights under the 524 and 934 patents.

(2) That the claims of the 870 patent allegedly infringed by them are invalid by virtue of there being

(a) prior publication,

(b) prior user and

(c) prior common knowledge or obviousness

For prior publication, the defendants rely on the deposit in the shelves in the Registry of Trade Marks and Patents, Malaysia, the 433, 534 and 935 patents as at the priority date of the 870 patent.

For prior user the defendants assert that the components of the 870 patent have been used in the industry well before the priority date. The defendants have given particulars of prior user by reference to seven different documents, details of which I shall deal with presently.

As for prior common knowledge the defendants aver that the claims of the 870 patent did not involve any inventive steps having regard to what was known or used before the priority date in Malaysia.

(3) The last of the defendants' defences in expression and language is a reproduction of s. 32 (1)(a) of the United Kingdom Patents Act 1949 as the defendants maintain that the alleged invention, so far as claimed in each and every claim of the said complete specification was claimed in claims of earlier priority date contained in the specifications of the 433, 524 and 934 patents.

Since the defendants aver that the 870 patent is invalid, and the present proceedings had resulted in their incurring losses and damages, they have also counterclaimed that the 870 patent be revoked and damages and costs be awarded to them.

The first issue raised by the parties is the law to be applied in this case.

The law and practice relating to patents and other matters connected therewith in Malaysia is governed by the Patents Act 1983, (the Act), which came into effect on 1 October 1986. Prior to that date the law and practice was regulated by the Registration of the United Kingdom Patents Act 1951 (Act 215) which provided that the law applicable in a patent case was, subject to the 1951 Act, the United Kingdom patent law.

The present suit is brought under s. 59 of the Act but its subject matter, the 870 patent, was granted in United Kingdom under the United Kingdom Patents Act 1949 ie, prior to the coming into effect of the Act. However, s. 89 of the Act has, *inter alia,* repealed the 1951 Act and under these circumstances, the plaintiffs maintain that the applicable law is the United Kingdom Patents Act 1949 because it is "An Old Act Patent" ie, a patent granted under the 1949 Act. This is further reinforced by the fact that the defendants have pleaded s. 32(1) of the 1949 Act, as one of their defences.

The answer to this lies in the saving provisions of s. 89(c) of the Act which states that "any certificate issued under the repealed laws and is in force immediately prior to the coming into force of this Act shall, subject to the terms, conditions and period of validity specified in the certificate, continue in force and have the like effect as if it had been issued under this Act". Further s. 56(2)(a) of the Act gives me the jurisdiction to make an invalidation order subject to the requirements stated in the sub-section. In this respect, I consider that the defendants are right when they maintain that the law applicable in this suit is the Patents Act 1983. The fact that a plea under an old Act is relied upon by the defendants makes no difference to my conclusion as what is pleaded is only the language used in an old Act, and the only consideration I should give to such a plea is whether it can be established by the defendants.

Section 58 of the Act sets out the acts deemed to be infringement and s. 36(3) identifies such acts to be the making, importing, offering for sale, selling, using or stocking the product covered by the claims without the consent, licence or agreement of the patentee. The plaintiffs have alleged that the defendants had infringed claims 1, 4, 6-10, 15, 17 and 23 of the 870 patent and I shall now go through these claims to determine the scope of the monopoly which is provided by the patent.

Claim 1, PB 43 - 45, has the following four requirements.

(1) It is an aqueous composition.

(2) It contains 1 to 20% by weight of one or more phosphonic acid derivates as an active ingredients, in this case ethephon.

(3) It has a viscosity of at least 1000 centipoises.

(4) It contains in addition from 0.5% to 10% by weight of a polysaccharide gum as a thickening agent.

Claim 4, PB 44, identifies ethephon as the active ingredient.

I take claims 6 and 7 together, PB 44, as both specify the weight of the ethephon present in the composition to be from 5 to 15% by weight and from 5 to 10% by weight respectively.

Likewise claims 8 and 9, PB 44, identify the different types of pollysaccharide gum thickener present in the composition and this includes the material produced by the fermentation of a carbohydrate by the bacterium xanthomonas campestris.

Claim 10, PB 44, specifies the weight of the thickening agent in the composition to be in the amount of 0.5 to 2.0%.

Claim 15, PB 45, specifies that the composition *inter alia,* contains bactericide, so as to produce a compatible mixture.

Claim 17 identifies the chemical name of the bactericide to be that mentioned in that specific claim.

Lastly claim 23 stipulates the process by which the composition is applied to the rubber trees.

It is clear from these claims that the 870 patent is a product patent and when the second samples of the 2nd defendant's product, its Flo-Tex rubber stimulant were seized at its premises following the execution of an Anton Pillar order against it, the samples were analysed to determine whether its contents had offended the 870 patent. That was done by the plaintiff's chemist, Mr. Lawrence J. Helfant, in America and the reports of his analysis at PB 138 - 172 show that in the first sample he found the aqueous solution to have a viscosity of 12,715 centipoises, it contains 1.75% by weight of polysaccharide gum, and 10.04% by weight of ethephon.

From the second sample, Mr. Lawrence J. Helfant was also able to establish that the aqueous solution had a viscosity of 6780 centipoises, and that it contained 2.519% by weight of polysaccharide gum and 3.13% by weight of ethophen.

PW1, a patent attorney from England who was specially subpoenaed for his expertise in the law and practice of patents, confirmed Mr. Helfant's findings that the 2nd defendant's products have infringed claims 1, 4, 6, 7, 10 and 23. He also testified that the 2nd defendant's formulation at PB 245, establishes a clear case of infringement. On the face of it, there is a use of ethephon 40%, but the final product only contains 10.1% by weight, which is within claim 1. There is also evidence from PW1 that Rhodopol 23 used in the 2nd defendant's formulation is a polysaccaride gum which has thickening properties and produced by the fermentation of a carbohydrate by the bacterium

xanthomonas campestris. DW2, the managing director of the 2nd defendant confirms PW1's evidence on the properties of his Rhodopol thickener and there is therefore ample evidence that claims 8 and 9 have also been infringed.

There is also undisputed evidence that claim 10 has also been infringed when PW1 testified that the 2nd defendant's Rhodopol thickener weighed 1.82%, well within the stated weights of claim 10 and this is further confirmed by DW2 who testified that the rhodopol used is between 1 to 2% by weight.

PB 245 also establishes that one other material used by the 2nd defendant to produce its flo-tex stimulant is dowicil, which is a bactercide and the presence of this bactercide therefore infringes claim 15 of the 870 patent.

DW2 also admitted that the dowicil used in the 2nd defendant's product answers to the same chemical name as that stated in claim 17. Thus claim 17 has also been infringed. Likewise when he was questioned as to the method of applying his formulation to the rubber trees, he confirmed that it was no more different to that specified by claim 23 and to that end, claim 23 has also been infringed.

Despite his frank admissions and confirmations, that his flo-tex stimulant contained components covered by the 870 patent, DW2 nonetheless maintains that the 2nd defendant had not infringed the plaintiff's patent, as it had the authority to use such components under the two assigned patents, 524 and 934.

To determine this, it is necessary to consider the various claims set out in the 870, 524 and 934 patents. The 870 patent speaks of a composition containing ethephon and other related compounds suitable for application to rubber trees for the better flow of latex. It is therefore a composition or product patent.

The 524 and the 934 patents on the other hand are method patents as seen from the clear language used in the two patents. In the case of the 524 patent, the invention provides a method of treating rubber trees for the purpose of stimulating the yield of rubber latex, which method comprises applying a substance to the trees which causes ethylene to be provided in or in close proximity to the latex bearing tissues of the tree.

The 934 patent also relates to a method of extracting rubber latex in which lower intensity tapping systems are used in conjunction with chemical treatment to enhance latex flow.

Since the invention of the 870 patent is totally different to that of the 524 and 934 patents, it is not correct to say that the defendants had the authority to use the components of the 870 patent under the 524 and 934 patents. Perhaps the only common component in all the three patents is the use of

ethephon but that has been reserved by the plaintiffs for its exclusive use under the 433 patent as seen from cl. 5 of the agreement dated 13 March 1971 between RRIM and the 1st plaintiff's predecessor in title at PB101. Under the 524 and 934 patents, the 2nd defendant is only entitled to exploit the non ethephon components as cl. 5 of the agreement provides a clear division of the exclusive rights of the parties to the agreement.

RRIM did not have the right to the use of ethephon and they cannot therefore, by the assignment, pass on something they do not possess to the defendants.

From the evidence, both oral and documentary, there is no way the defendants can rightly claim that they have not infringed the 870 patent.

In maintaining that the 870 patent is invalid, the defendants rely on the prior publication of the components of the 870 patent in the 433, 524 and 934 patents which were deposited with the Registry of Trade Marks and Patents Malaysia before the priority date of the 870 patent ie, before 2 November 1970. Here again the defendant cannot be correct as the 433 patent was lodged on 10 December 1970, the 524 patent on 10 May 1973 and the 924 patent on 4 May 1973 well after the priority date. Evidence of the dates of such lodgement are found at PB 46, PB 95 and PB 75 respectively. As such none of these three patents can be used to challenge the validity of the 870 patent. Even if they can, the invention claimed by each patent differs from the other as one is a product patent, the other two are method patents.

The defendants also maintain that the components of the 870 patent had been used in the industry before the priority date and for this they rely on seven documents to establish prior user.

The first of such documents is the January 1970 issue of "Planters' Bulletin", DB166 -168, which is a research paper of the RRIM. The paper reports further that experiments were conducted by RRIM to answer specific questions as to the value of ethephon and that field trials were conducted. In the opinion of PW1, this literature does not give a lead as to the use of ethephon in the rubber industry and because of its experimental stage, the inference is that ethephon had not been exploited commercially in the rubber industry. Under the circumstances, I consider that this paper does not conclusively lead me to a finding that ethephon was commonly used in the rubber industry before 2 November 1970.

A report of the proceedings of the RRIM Planters' Conference 1971, AB 163 - 165, was relied upon by the defendants to show that ethephon was already of common knowledge in 1971. As this conference was held from 12 to 14 July 1971, well after the priority date, this document is of no assistance as proof of prior user. Moreover, the report speaks of the use of ethephon in a palm oil composition which is different to what is claimed in the 870 patent.

The defendants also contend that Rhodophol had been used as a thickening agent since 1970 and as evidence of this relies on the statements contained in the Rhodophol pamphlet, DB 146 - 162. Here again this document cannot be taken as conclusive evidence of use before the priority date as there is no mention of any date in the pamphlet except that 1984 has been given as being the year of publication and this means that the information was given well after the priority date. The pamphlet also makes no mention of the use of Rhodophol in the rubber industry.

A chapter on "Polysaccharides" by Gerald O Aspinall at DB 130 and 131 was also relied upon to show that polysaccharides were in use well before 1970. Here again this literature does not provide me with the conclusive proof that this thickener was in use in the rubber industry in Malaysia before the priority date and to that end is also of little assistance to the defendants.

From the paper titled "Technical Aspects Of Emulsions" read at a symposium held in London on 7 December 1934, DB 169 -171, I can find no evidence of any prior use of the components of 870 patent before the priority date. The subject matter of the paper is totally different to the subject matter of the 870 patent.

The last two documents relate to disclosures in the "Chemical Abstracts," vol 73 at para 28775n and vol 75 at para 38681j, published by the American Chemical Society in 1970, DB 140 - 145. Both disclosures relate to a composition containing a polysaccride for application to hair and oil recovery and are therefore far remote from the subject matter of the 870 patent and are therefore irrelevant as proof of prior user.

Coming now to the defendants' plea of prior common knowledge, no particulars have been pleaded upon which this contention can be founded other than the marketing the ethephon products of a company known as May & Baker and averment that the 870 patent did not involve any inventive steps having regard to what was known or used before the priority date in Malaysia. As there is no evidence as to what was known or what was used before 2 November 1970 in Malaysia, this head of defence must also fail.

Lastly I come to the defence pleaded under s. 32(1)(a) of the United Kingdom Patents Act 1949 ie, prior claim, wherein, the defendants maintain that ethephon as a stimulant has already been claimed in the 524 and 934 patents, so too the process of applying the stimulation. Here again we are not dealing with ethephon, *per se*, as a single component for the invention under the 870 patent. It is a composition of a number of other components as well but that ethephon is the active ingredient. It is this composition of a number of components of the right weight that is envisaged by the 870 patent. The inventions of the 524 and 934 patents are different in that they relate to the

methods of treating and improving the stimulations of rubber yield. As such there is no question of there being double patenting which this plea seeks to establish.

In this respect the defendants have failed to provide the necessary proof that each and every claim of the 870 patent has already been claimed earlier in the 524 and 934 patents.

Lastly I come to the 1st defendant's plea that the plaintiffs have no cause of action against it as nothing offensive was recovered from its premises to establish that it had infringed the plaintiffs' patent.

It is true that the 1st defendant does not manufacture any ethephon product but only wire mesh and paper rolls. In citing the 1st defendant as a party to this suit, the plaintiffs are taking advantage of the provisions of s. 55(2) of the Act which provides that "the owner of the patent shall have the same right against any person who has performed acts which make it likely that an infringement will occur".

Now what are the acts which the 1st defendant is guilty of that entitle the plaintiffs to sue the 1st defendant for an imminent infringement?

At recital (f) of the assignment between the 1st defendant and RRIM, the 1st defendant has described itself as the distributor of rubber latex and has the manufacturing and marketing skills and facilities to successfully manufacture and distribute products in accordance with the inventions described in the 524 and 934 patents. By this recital and by its mere act of purchasing the 524 and 934 patents, the 1st defendant must have envisaged an intention to manufacture the infringed product.

This is further reinforced by the evidence of DW1, the 1st defendant's sales manager who testified that since 1987 the 1st defendant was distributing and marketing the ethephon products of a company known as May & Baker and that the 1st defendant had intended to enter into a joint venture agreement with May & Baker to manufacture ethephon products. There is also evidence that in 1987, the 1st defendant was already supplying such products to RISDA pursuant to the agreement at DB 183 - 195. The fact that the 1st defendant was prepared to go into a joint venture business with a company that was already exploiting the plaintiffs' patent is in itself testimony of the 1st defendant's intention that it had no qualms about infringing the 870 patent for its benefit. Since the essence of s. 59(2) of the Act is to protect a patentee from a threatened infringement of its patent and since there is sufficient evidence of that likelihood happening, I consider that a cause of action under s. 59(2) has been made and against the 1st defendant.

a From the oral and documentary evidence adduced, I am satisfied that the allegation of infringement has been proved by the plaintiffs and to that end, as these proceedings relate only to the finding of liability, judgment with costs on a solicitor and client basis is hereby entered for the plaintiffs against the defendants for damages to be assessed by the senior assistant registrar. The *b* prayer for a permanent injunction is now rendered redundant as the 870 patent has already come into the public domain. As for the counterclaim, since the defendants had failed to provide positive evidence to revoke the 870 patent, the counterclaim is dismissed with costs to be taxed on a solicitor and client basis and to be paid by the defendants to the plaintiffs.

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